



**AD HOC COMMITTEE ON RENTAL AND
LAND CONTRACT HOUSING CONDITIONS
Friday, November 4, 2016 @ 2:00 p.m.
Council Conference Room**

The meeting was called to order at 2:09 p.m.

Councilmember Kathie Dunbar, Chair
Councilmember Judi Brown Clarke, Member
Councilmember Tina Houghton, Member- excused
Councilmember Carol Wood, Member.

Others Present:

Sherrie Boak, Council Office Manager
Billie O'Berry, Assistant City Attorney- arrived at 2:20 p.m.
Gary Calkins
Richard Williams
Eric Schertzing, Ingham County Treasurer
Darren Carter, City Assessor
Robin Wright, City Assessor
Sharon Frischman, City Assessor
Elaine Womboldt
Harold King
Teressa Bowers, City Assessor
Scott Sanford, Code Compliance

Public Comment

Mr. King spoke on an issue in his neighborhood with a rental and the red tagging of that property. Council Member Wood invited Mr. King to stay for the next meeting, Committee on Public Safety.

DISCUSSION

RESOLUTION – Introduction & Set Public Hearing Amendment to City Ordinance Chapter 1460

Council Member Dunbar outlined the work of the Committee on the amendments which are to change the language of the ordinance to require a copy of the land contract. This will be addressed in the Ordinance that regulates what Code Compliance requires for rental registration. The language change would require the entire land contract not the “memorandum”. Currently without the land contract language, the city cannot see the conditions under which the sale is being made and it is the opinion of the Committee that residents are being taken advantage of.

The City Attorney was not present so Council staff left the meeting to call the Attorney.

The Committee and others present held discussions on different scenarios of rentals, where tenants sign the land contracts under the assumption it will remain a rental, and legally who is responsible. Ms. Frischman acknowledged they see it several times where a seller will sell the same properties multiple times. Mr. Sanford added to the conversation his belief the issues are civil cases between buyer and seller. Ms. Wright informed the Committee that when these situations occur the buyer can do a quit claim deed back to the seller/landlord.

Council Member Brown Clarke asked Ms. Frischman if the buyer does not quit claim it back to the seller/landlord, does Assessing look to see if the seller/landlord records another land contract on the property. Council Member Dunbar asked how they relay to the buyers that once it is sold on a land contract there is no longer a rental inspection required. Mr. Sanford states they research with the County Register of Deeds and the City Assessor.

Once Ms. O'Berry arrived with the draft ordinance, it was distributed to the Committee and Council Member Dunbar confirmed that the changes they made the last time were to strike out "or property transfer affidavit". And the Committee does no longer want to accept the memorandum. Mr. Sanford suggested they include "recorded with Liber and Page". Council Member Dunbar requested they include the word "entire" in line 16 after "that" and before "land". The question then was asked of Mr. Sanford if someone tries to submit only the memorandum what Code Compliance will do. Mr. Sanford stated his office will only accept what the County legally accepts. Council Member Dunbar asked Mr. Schertzing why the County even wants it. Mr. Schertzing stated it is so the records are updated, and Ms. O'Berry stated it is also so the buyers are protected as having an interest in the property. Mr. Schertzing added that by requiring this, will now also open the door to allow the Assessor audit under the principal exemption to justify the exemption. Ms. O'Berry added that the memorandum of a land contract is just a notice of a land contract sale is on the property and evidence that someone has an interest in it. The property transfer is a reporting tool from Proposal A and does not convey the property.

The group continued discussions on the inter-office processes of information gathering between Assessing and Code Compliance. Ms. O'Berry reminded the group that the "memorandum" is not a transfer document, but proof there has been a transfer, but just an interest of title. The property transfer is required by law to file with the Assessor whenever a transfer of ownership has occurred. Ms. Frischman confirmed that the memorandum was a shortened document that a land contract exists.

Council Member Dunbar reminded everyone that the idea behind this discussion is that the City wants to see the recorded land contract to show it has been transferred. The City is trying to protect the ones who are being taken advantage of with these land contracts.

Council Member Brown Clarke added that the Council needs to look at the exiting process, of buyer beware and get information into the hands of the vulnerable population. One aspect is to educate and the second is to consider what the City can and are currently asking for. Council Member Dunbar added that there needs to be "teeth" within the City request that says we only want the recorded land contract.

Ms. Bowers reminded the Committee that they cannot tell people what to record because the State does not require it. Council Member Dunbar confirmed that statement however added

that if they do it is not considered a rental anymore, so they are not protected by inspections anymore.

Ms. Frischman asked what requirements can be made since the State does not require it. Ms. O'Berry stated that whatever the State requires is under State statute to show they qualify for a transfer. It could be placed in the ordinance. Mr. Sanford asked what they were going to do with the complete land contract. Mr. Schertzing stated that once it is out there it allows them the information they need to audit for the future.

Mr. Calkins asked Mr. Sanford if his office received a copy of the land contract to determine it was not a rental, would they review the whole document, and Mr. Sanford stated no, they would just verify it is recorded.

Council Member Wood reminded everyone present that once they make the ordinance change they then need to create a policy. Ms. Frischman asked for time to pull up the East Lansing Ordinance as a template. The question was asked on what steps would be taken if they find out the buyer is getting taken advantage of. Mr. Schertzing stated one avenue could be addressed if they have delinquent taxes, opening the door for his resources to do something. Council Member Dunbar stated that the Planning and Neighborhood Development Department has Ameri-Corp volunteers doing neighborhood resourcing, that they could review the land contracts. Mr. Schertzing encouraged the Committee to get the media involved to tell the story of the ordinance amendment and policy changes to educate the public.

Council Member Dunbar asked the Assessor to print a report of all sales listed as "Land Contract" to see how many are out there, and Ms. Frischman stated she could perform that task then also run a report for those in that group that have the tax exemption.

Council Member Brown Clarke asked what can be done with repeat offenders, and addressing how they are reaching the most vulnerable, and stopping that practice. Council Member Wood suggested they continue to enforce no rental registrations, which require inspections and fees, and if they do not follow those guidelines, then they can't rent them, and they will then not receive income from those properties.

Ms. Frischman left the meeting at 3:20 pm, but supported the proposed language change. Ms. Frischman stated she will also work on stronger language in her assessing policies.

Mr. Calkins stated his opinion that Code Compliance should refer land contracts to the Attorney office for determination on validity, and then they can be denied or granted based on that. Mr. Sanford stated he can interfere with a civil issue between two parties.

Council Member Dunbar asked Ms. O'Berry where in the Ordinances it speaks to the language of recording with the Assessor. Ms. O'Berry stated that it was under the State law, and the Assessor has to comply with the State law. Council Member Dunbar asked if the City can say in order to receive the Principal Exemption you have to have the entire land contract submitted. Ms. Wright noted that it would depend on if the State would that to be allowed, and if the Assessor can ask for more information. Ms. Bowers stated her understanding that the State currently says "land contract". Ms. O'Berry stated that the City currently accepts the Memorandum because it is a legal document. Council Member Dunbar asked if Council can ask the Assessor to change their operations to accept the entire land contract or if it needs to be an Ordinance. Council Member Brown Clarke asked if the Ordinance can define "land contract" locally to not accept the memorandum. Ms. O'Berry stated that there is nowhere the City can say

the Assessor has to accept the land contract. Council Member Wood asked for an interpretation of what a "land contract" is.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE RESOLUTION TO INTRODUCE AND SET THE PUBLIC HEARING FOR ORDINANCE AMENDMENTS TO SECTION 1460.44 (E). MOTION CARRIED 3-0.

The Committee set the next meeting date for Friday, December 2, 2016 @ 2:00 p.m. This meeting will address the ordinance amendments for 1460.44 after the hearing, and also law will provide determinations on the definitions on the terms at the State level, and based on that look at what can be done in the Assessing office for their policies.

ADJOURN

Adjourn at 3:35 p.m.

Submitted by,

Sherrie Boak, Recording Secretary

Lansing City Council

Approved by the Committee on December 7, 2016